

## RESOLUTION NO. 06-15

### RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK APPROVING INFRASTRUCTURE STATE REVOLVING FUND PROGRAM FINANCING NOT TO EXCEED \$1,000,000 FOR THE CITY OF ANDERSON

**WHEREAS**, staff of the California Infrastructure and Economic Development Bank ("Staff" and "I-Bank," respectively) has determined that the City of Anderson ("Borrower") submitted a timely and complete application ("Application") requesting Infrastructure State Revolving Fund ("ISRF") Program financing for the Anderson Teen Center/Shasta County Public Health Building Project (Project); and

**WHEREAS**, Staff has determined that the Borrower-proposed financing and Project meet all eligibility requirements contained in Government Code Section 63000 *et seq.* ("Act") and the Criteria, Priorities and Guidelines ("Criteria") for the ISRF Program.

**WHEREAS**, the Borrower may pay certain expenditures (the "Reimbursable Expenditures") in connection with the Project prior to the issuance by the I-Bank of indebtedness for the purpose of financing costs associated with the Project on a long-term basis;

**WHEREAS**, the I-Bank reasonably expects that a portion of tax-exempt bonds in an aggregate amount not expected to exceed \$1,000,000 will be issued to finance the costs of the Project and that certain of the proceeds of the tax-exempt bonds will be used to reimburse the Reimbursable Expenditures; and

**WHEREAS**, Section 1.150-2 of the Treasury Regulations requires the I-Bank to declare its reasonable official intent to reimburse Reimbursable Expenditures for the Project with proceeds of a subsequent borrowing;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the California Infrastructure and Economic Development Bank ("Board"), as follows:

**Section 1.** Based upon information presented at the meeting where adoption of this resolution was presented and the staff report presented to the Board, the Board makes the following findings:

(a) Borrower meets the definition of "sponsor" pursuant to Government Code Section 63010 (u) and is thus an eligible recipient of financing;

(b) The Project meets the definition of "public development facility" pursuant to Government Code Section 63010(q) and is thus an eligible project to be financed;

(c) The categories of Project costs proposed to be paid with ISRF Program funds meet the definition of "Costs" pursuant to Government Code Section 63010(f) and thus are eligible for ISRF Program financing;

(d) Borrower adopted a resolution consistent with all the requirements of Government Code Section 63041;

(e) Borrower meets the "need for I-Bank financing" and "readiness to proceed" criteria contained in the Criteria;

(f) Borrower and Project are eligible for tax-exempt financing under Federal law, without an allocation of private activity bond volume cap as required in the Criteria;

(g) The Project will not result in a "business relocation" as defined in the Criteria;

(h) The proposed financing complies with the underwriting criteria and sources of loan repayment specified in the Criteria; and

(i) The proposed Project is financially feasible, with all Project funding sources identified and committed.

**Section 2.** The provision of ISRF Program funds to the Borrower are consistent with the terms and conditions specified in Attachment A to this resolution is hereby approved. The Chair or the Executive Director and the Secretary are authorized to execute all documents, certificates and other written agreements reasonably necessary to effectuate the described financing. The authority to execute financing documents shall expire automatically two hundred and ten (210) days from the adoption of this resolution.

**Section 3.** This resolution does not constitute a commitment to finance the Project, but instead sets forth the terms and conditions that shall be contained in the financing agreement with the Borrower. It is the understanding that the financing agreement will require considerable conditions and agreements on the part of the Borrower in order to adequately protect the interests of the I-Bank. Attachment A is meant solely to call out terms and conditions specific to this financing, and is not meant as a listing of conditions of sufficient specificity to constitute a commitment to finance.

**Section 4.** This resolution is adopted for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This resolution does not bind the I-Bank to make any expenditure, incur any indebtedness, or proceed with the financing of the Project.

**Section 5.** All of the Reimbursable Expenditures covered by this resolution were made not earlier than 60 days prior to the date of this resolution.

**Section 6.** The Board hereby declares its reasonable official intent to use proceeds of tax-exempt bonds to reimburse the Borrower for the Reimbursable Expenditures.

**Section 7.** This resolution shall take effect from and after its adoption.


**PASSED, APPROVED, AND ADOPTED** at a meeting of the Board of Directors of the California Infrastructure and Economic Development Bank on April 25, 2006 by the following vote:

AYES: KELLEY, LUJANO, SHEEHAN, MARIN

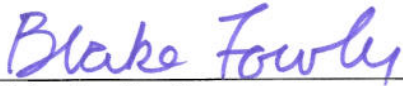
NOES: None

ABSENT: None

ABSTAIN: None

By:   
Stanton C. Hazelroth, Executive Director

ATTEST

By:   
Blake Fowler, Secretary



## ATTACHMENT A

Staff recommends approval of Resolution No. 06-15 authorizing financing not to exceed \$1,000,000 for the City of Anderson for the Project subject to the following conditions:

1. **Borrower:** City of Anderson.
2. **Project:** Anderson Teen Center/Shasta County Public Health Building Project.
3. **Amount of Financing:** Not to exceed \$1,000,000.
4. **Funding Availability:** The I-Bank's financing commitment is subject to the availability of funds from either, or a combination of, proceeds of a revenue bond issue or I-Bank equity funds. The City shall execute the I-Bank financing agreement within 210 days of April 25, 2006, or the commitment of funds may be cancelled by the I-Bank.
5. **Maturity:** Not to exceed 30 years.
6. **Repayment/Security:** Lease payments from the General Fund of the City.
7. **Interest Rate:** 67% of Thompson's Municipal Market Data Index for an "A" rated tax-exempt security with a weighted average life similar to the I-Bank financing based on the rates on April 1, 2006.
8. **Fees:** Financing origination fee of .85% of the I-Bank financing or \$10,000, whichever is greater, and an annual fee of .3% of the outstanding principal balance.
9. **Type of Financing Agreement:** General Fund Lease Agreement between the City and the I-Bank for City Hall (Leased Asset).
10. **Financing Agreement Covenants:** The following are some of the covenants that will be contained in the Lease Agreement.
  - a. The City shall covenant to budget and appropriate the lease payment, and to use its best efforts to maintain sufficient General Fund revenues to provide moneys to fund all necessary and appropriate General Fund operations.
  - b. The City may request to prepay all or a portion of the financing amount. A request for a reduction is considered a prepayment. The I-Bank shall respond promptly to any prepayment request, and shall make every effort to accommodate the request, subject to the prepayment restrictions of the bonds to which this financing is pledged. Notwithstanding the above, the City shall be authorized to prepay all or a portion of the outstanding principal balance according to the following: 102% of the outstanding principal balance if the prepayment date is on or after ten years, but less than eleven years, from the effective date of the Installment Sale Agreement; 101% of the outstanding principal balance if the prepayment date is on or after eleven years, but less than twelve years, from the effective date of the Installment Sale Agreement; or without premium if the prepayment date is twelve years or more from the effective date of the Installment Sale Agreement. The City may on any date provide for a legal defeasance of the principal amount outstanding and any additional payment then due.
  - c. An agreement by the City to indemnify I-Bank and its directors, officers and employees from any liability arising from the Lease Agreement or from construction or operation of the Project.
  - d. In the event the City determines a need to sell its portion of the facility, and in the event the County opts not to purchase the City's portion, the City agrees that if the sale or transfer of its portion of the facility will be to a nongovernmental entity, then the City will prepay its remaining loan obligation prior to transferring title.



- e. Any agreements or leases and amendments thereto related to the City's portion of the Project must be pre-approved by the I-Bank, and the I-Bank may deny approval if the intended agreement or lease would violate the tax exempt status of the lease financing. Additionally, all agreements or leases, and amendments thereto, for the provision of teen program services at the City's Teen Center must limit the amount of payment to the City to an amount no more than the cost of operation and maintenance.
  - f. The City must annually certify that it has limited the use of the Teen Center by users other than a teen program service provider to no more than 50 times per users per year.
  - g. The City's legal counsel must annually certify that the uses of its portion of the Project by others, and its use of its portion of the Project continues to qualify as a tax exempt use.
11. **Conditions Precedent to Agreement Execution:**
- a. Adopted City resolution authorizing the execution and delivery of the Lease Agreement and Site Lease, and approving certain other matters in connection therewith.
  - b. Receipt of an opinion of legal counsel to the City that the City has the legal authority to enter into the I-Bank Lease Agreement, that there is no litigation currently pending or anticipated that will have a material adverse effect on the City's ability to make lease payments, and that the Lease Agreement and Site Lease are legal, binding and enforceable agreements of the City.
12. **Conditions Precedent to Initial Disbursement:** The following are some of the conditions, which will be required precedent to the initial disbursement of I-Bank funds:
- a. Execution by the City of a Lease Agreement and Site Lease consistent with the terms contained herein.
  - b. Evidence of adequate insurance against liability and damage or destruction of the Leased Asset in such amounts and against such risks as are usually covered for similar properties, and use and occupancy insurance and rental interruption insurance for the Leased Assets with I-Bank named as the additional insured or loss payee, as appropriate.
  - c. Evidence of CLTA title insurance.
  - d. Tax Certificate executed by the City.
  - e. Documentation of the completed environmental review process.
13. **Conditions Precedent to Initial Construction Disbursement:** The following are some of the conditions, which will be required precedent to the initial construction disbursement of I-Bank funds:
- a. Certifications by the City that all required permits have been obtained for the construction of the Project.
  - b. A written statement by the City Manager, City counsel or other designated person that:
    - i All construction contracts and subcontracts necessary for the construction of the applicable Project component have been awarded, and were awarded pursuant to competitive bidding and City procedures normally required for similar construction projects.
    - ii Project costs for the applicable Project component are consistent with the Sources and Uses listed in this staff report; and
    - iii All prime contracts require the contractor to maintain appropriate builder's risk insurance and name the City as additional insured and loss payee, require the contractor to maintain liability insurance and name the City as an additional insured, and include performance and payment bond provisions and name the City as additional payee.

- iv All construction contracts are let to the lowest responsible bidder at a fixed price subject to increase only for allowable extra work, change orders approved by the City and damages or delays authorized by the laws of the State.
  - v All contracts and subcontracts require payment of prevailing wage rates and compliance with Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the California Labor Code; require payment of workers' compensation insurance by contractors and subcontractors; and are guaranteed maximum price contracts.
  - vi All construction contracts require payment of worker's compensation insurance by contractors and subcontractors.
  - vii All construction contracts include nondiscrimination provisions.
14. **Conditions Precedent to Final Disbursement:** The following are some of the conditions precedent to final disbursement of I-Bank funds:
- a. Recorded Project Notice of Completion.
  - b. Lien waivers for the Project, or passage of the applicable statutory time periods for filing preliminary lien notices and any subsequent stop notices.
  - c. Certification that the Project has been completed in accordance with the approved plans and specifications, and that the completed Project is consistent with the definition of Project in this staff report and is acceptable to the I-Bank.
  - d. Project operating permits.
15. **Financial and Other Reporting Requirements:**
- a. Audited annual City financial statements, due to I-Bank within 210 days of fiscal year end, or such other time that is acceptable to I-Bank.
  - b. Other information as I-Bank may request from time to time.